(c) the fresh steps taken/proposed to be taken by Government to check the increasing NPAs of UCBs and also to instill confidence in the Cooperative Banking Sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Reserve Bank of India (RBI) had submitted a proposal to Central Government for setting up an exclusive apex body for the supervision of urban cooperative Banks (UCBs) in view of duality of control, prevailing in cooperative banking sector. The proposal was examined and it was found that without legislative changes in the State Cooperative Societies Acts of various States to bring it in tune with the Model Cooperative Societies Act recommended by Ch. Brahm Perkash Committee, apex supervisory body as suggested would suffer from similar handicap that RBI suffers today. The efforts of the Central Government are, therefore, directed towards convincing State Governments to amend their State Cooperative Societies Act. With this background, Central Government has announced in the Union Budget to usher reform in cooperative banking sector and has made a provision of Rs. 100 crore to incentivise reforms and revitalize the cooperative banking sector.

(c) RBI reviews the system of regulation and supervision of UCBs and has taken a series of measures to correct the systematic deficiencies and to strengthen the system of regulation and supervision of UCBs. These measures *inter-alia* include putting ceiling on operations in call money market and bank finance against shares and debentures, increase in percentage of SLR investments in Government Securities, restrictions on interest rates on deposits offered by UCBs and investment of funds as deposit with other UCBs, etc.

Urban Cooperative Banks

645. SHRI RAJEEV SHUKLA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to refer to answer to Starred Question 78 given in the Rajya Sabha on 5th March, 2002 and state:

(a) the number of Urban Co-operative Banks which have been listed as weak by the RBI so far;

(b) in how many cases licences have been withdrawn by RBI; and

(c) the steps taken to make the cooperative credit system sustainable?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) Reserve Bank of India (RBI) has reported that out of the 2096 Urban Co-operative Banks (UCBs) operating in the country, 397 have been classified as weak/ sick as on date.

(b) RBI has reported that it has cancelled the licences/rejected the applications for licences in respect of 88 UCBs.

(c) RBI reviews the system of regulation and supervision of UCBs and has taken a series of measures to correct the systematic deficiencies and to strengthen the system of regulation and supervision of UCBs. These measures *inter-alia* include putting ceiling on operations in call money market and bank finance against shares and debentures, increase in percentage of SLR investments in Government Securities, restrictions on interest rates on deposits offered by UCBs and investment of funds as deposit with other UCBs, etc.

Model Accounting Standards

646. SHRI P.K.MAHESHWARI: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether there is any need to improve corporate governance codes and model accounting standards in order to insulate itself from accounting scandals;

(b) if so, whether Government have formulated any plan in this regard;

(c) if so, the details thereof;

(d) whether Government are aware that C&AG of India has already set up a Government Accounting Standards Advisory Board to review and finalise the first set of Government Accounting Standards to be followed by the Government run companies both at the Centre and State levels; and

(e) if so, by when this plan is likely to be implemented?